

# *Retirement Guidelines*

A Member Handbook  
for Michigan's State Police Enlisted Officers



State of Michigan  
State Police Retirement System  
October 2006

### **About the Office of Retirement Services**

The Office of Retirement Services (ORS) administers retirement programs for Michigan's state and public school employees, judges, and state police. Our vision is to provide fast, easy access to complete and accurate information and exceptional service for our more than half million members.

### **About This Publication**

The intent of this publication is to summarize Michigan State Police Defined Benefit plan provisions under Michigan's Public Act 182 of 1986, as amended. Current laws, rates, and factors are subject to change. Should there be discrepancies between this publication and the actual law, the provisions of the law govern.

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## Contents

<b>I. About Your Retirement Plan</b>	<b>6</b>
Administration of the Plan	7
Who Is a Member?	8
Your Wage and Service Records	9
Your Member Statement	9
<b>II. Earning &amp; Purchasing Service</b>	<b>10</b>
Types of Service Credit	12
Military	13
Maternity/Paternity/Child Rearing	15
VISTA/Peace Corps	16
Workers' Compensation	16
How to Purchase Service Credit	17
<b>III. Planning for Retirement</b>	<b>20</b>
<b>IV. Estimating Your Pension</b>	<b>21</b>
Your Final Average Compensation (FAC)	21
Full Retirement	23
Deferred Retirement	24
Disability Retirement	25
Duty Disability	25
Nonduty Disability	27
Preretirement Survivor Pension	28
Duty Preretirement Survivor Pension	28
Nonduty Preretirement Survivor Pension	30
Survivor Pension	31
Deferred Retirement Option Plan (DROP)	32

## Contents

<b>V. Applying for Your Pension</b>	<b>33</b>
What You Will Need	33
What to Expect After You Apply	34
<b>VI. Continuing Your Insurance Benefits</b>	<b>37</b>
Dependent Health Insurance	41
Your Life Insurance Protection	43
About Long-Term Care Insurance	44
<b>VII. Life Events in Retirement</b>	<b>45</b>
Address Change	45
Birth	45
Death	46
Divorce	47
EFT Change	47
Employment	47
Marriage	48
Medicare	48
Missing Payment	49
Taxes	49
<b>VIII. We're Here to Help</b>	<b>50</b>
Retirement At A Glance	51
Are You Ready to Retire?	52
Countdown to Retirement	53

## I. About Your Retirement Plan

As a member of Michigan's State Police Retirement System, you are eligible for one of the best public pensions around. Because it is so essential to plan for your retirement, this handbook aims to give you enough information about your pension so that—between your pension and personal savings—your retirement is all you hope it will be.

Besides some general history about the system and its administration, this book explains how and when you will qualify for a pension and how your pension will be calculated. It includes tips for enhancing your retirement by participating in the state's optional Deferred Compensation plan and by purchasing service credit. You'll also find information you'll need if you leave state police employment, along with an overview of the plan's disability protection, insurance, and survivor benefits. Finally, this publication tells you how to apply for your pension and what you'll need to know after your pension begins.

We encourage you to visit the Office of Retirement Services (ORS) website, [www.michigan.gov/ormsmp](http://www.michigan.gov/ormsmp), for the most up-to-date information about your retirement plan.



## Administration of the Plan

The Michigan State Police Retirement System is a defined benefit plan qualified under section 401(a) of the Internal Revenue Service Code, operating under the provisions of Michigan's Public Act 182 of 1986, as amended (Michigan Compiled Laws 38.1601 et seq.). Any changes to the Act require passage by the Michigan Legislature.

The plan is administered by ORS with the oversight of a 9-member board. The plan is funded by contributions from the Michigan State Police and by investment earnings on these contributions. All contributions are a funding source for the pension and do not result in benefits in addition to the pension. At the time of retirement, contributions are transferred to the pension reserve fund, from which monthly pensions are paid.

Each year, an actuary determines how much the Michigan Department of State Police needs to contribute to fund its portion of members' benefits. These contributions are not refundable to you or your employer.



## Who Is a Member?

As an enlisted officer, you are a member of the Michigan State Police Retirement System. Your membership in the plan is automatic when you complete recruit school.

### You may be active, deferred, or retired.

Participants in the retirement system are classified in one of the following categories:

- **Active Member.** You are on the State Police payroll. You are considered an active member while laid off or on a leave of absence as long as an employee/employer relationship exists. If you are participating in the Deferred Retirement Option Plan (DROP) and receiving employee wages, you are considered an active member.
- **Deferred Member.** You stop working as an enlisted officer before you are old enough to draw your pension, but after you are *vested*. You are vested when you have the equivalent of ten or more years of full-time Michigan state police employment. You need to leave any personal contributions on account, where they continue to earn interest. You'll be a deferred member until you apply for your pension at age 50.
- **Retiree.** You are receiving a pension (disability or retirement) from the retirement system.

**Note:** If you work for the Michigan State Police but are not an enlisted officer, you are not a member of this plan. However, you may have retirement benefits as a state of Michigan employee. Contact your Human Resource Department or ORS if you're not sure which retirement system is yours.

## Your Wage and Service Records

While you work as an enlisted officer, your employer forwards information about your wages and service to ORS. It also sends employer contributions to the retirement system fund, which is invested by the Michigan Department of Treasury.

ORS maintains your wage and service records so that when the day comes, we can determine your eligibility for a pension, calculate the pension, and put you on the retirement payroll. Each year we send you a report of your account, called your *Member Statement*.

We also keep track of any personal contributions you may have on account. The State Police Retirement System has been a noncontributory system since 1974. That means that it is funded by employer contributions and employees do not contribute to the retirement fund. However, if you were a member of the system before 1974, or if you have purchased any service credit, you might have personal contributions on account. If you do have personal contributions, we keep a separate record, pay interest, and report your balance each year. If you die before reaching pension eligibility, we'll refund your personal contributions to your beneficiary or estate.

## Your Member Statement

Each fall, *Member Statements* are mailed to all active members of the State Police Retirement System. Your *Member Statement* shows your account activity for a fiscal year (October 1 through September 30), including any service credit you have earned or purchased, and contributions and interest. Be sure to keep your statements with your important papers.

If you are an active member and did not receive a statement, contact ORS to ensure that your address is correct.

**Note:** If you are a deferred member or a member of the DROP program, you will not receive a *Member Statement*. You can contact our office and request a *Statement of Service Credit*.

## II. Earning & Purchasing Service

You accumulate or earn service credit for the hours you work for the State Police. Service credit is important because it determines when you can collect a pension. You need 25 years of service credit to receive a full retirement.

Your total years of service credit are also a factor in calculating the amount of a deferred retirement, a nonduty disability retirement, or a nonduty survivor pension.

### **You can earn service credit.**

For retirement purposes, 2,080 hours equals one year. You cannot be credited with more than one year of service in any given year and you cannot earn more than 80 hours of service credit in a pay period.

The chart below illustrates how service credit is earned.

SERVICE CREDIT COSTS & LIMITS		
TYPE OF EMPLOYMENT	PERIOD OF TIME	SERVICE CREDIT EARNED
Full Time	1 month	0.0833 of a year
Full Time	1 pay period – 80 hours	0.0385 of a year
Part Time or Job Share	1 pay period – 40 hours	0.0192 of a year
Part Time or Job Share	1 year - half-time	0.5000 of a year

You can also receive credit for intervening active duty military service and while you receive weekly workers' compensation payments.

### **You can add to your service credit with a purchase.**

As an active member of the State Police Retirement System, you may be able to buy service credit for active duty military service; maternity, paternity, or child rearing time; and VISTA or Peace Corps service. Adding to your service credit will enable you to retire earlier with a full retirement. For example, if you have 23 years of earned service credit and have 2 years of purchased service credit, your total service credit is 25 years and you can retire with a full retirement.



If you take a deferred retirement, any service credit you have earned or purchased is used in your pension calculation. The more service credit you have, the higher your monthly pension benefit will be. Bear in mind, however, you can only buy service credit as an active member.

Generally speaking, it is advantageous to purchase service credit once you have determined an actual retirement effective date, although the cost is less earlier in your career. If you purchase more service than is necessary to retire, your payment cannot be refunded.

Here are some things to consider if you're contemplating a purchase:

- You cannot buy service credit to reach the ten-year vesting requirement.
- You must be actively employed with the State Police to buy service credit and must pay for the purchase in full before leaving State Police employment.
- Your payments for service credit are put into a *personal contribution* account, separate from retirement system funds. Interest is credited annually on member contributions that have been on deposit for a full year.



- If you cease to be a member before you reach the minimum service requirements to qualify for a pension (ten years), you can request a refund of your accumulated personal contributions and interest. A refund of contributions will cancel all service credit you have accrued prior to the refund. You will not be able to repay the refund of contributions and have your service credit restored at a later date.
- If you die before reaching retirement eligibility and have personal contributions remaining in your account, any balance is paid to your beneficiary or estate.

## Types of Service Credit

Here is a list of the different types of service credit you may be eligible to purchase. Detailed information on the rules, costs, and how to initiate a purchase follow.

TYPE	COST	LIMIT
Active Duty Military	Intervening – no cost to you  Nonintervening – 5 percent of full time compensation in the year that you make payment	2 Years*
Maternity/Paternity/ Child Rearing	Actuarial Cost	2 Years
VISTA/Peace Corps	Actuarial Cost	2 Years*
Workers' Compensation	No Cost	Contact ORS

*\*A maximum of 2 years combined military and VISTA/Peace Corps can be purchased.*

## Military

### Eligibility

You can receive up to two years of credit for time you spend in active duty military service. There may or may not be a cost to you, depending on whether your active duty service occurred during (intervening) or outside of (nonintervening) your State Police employment.

Your service is considered intervening service if you leave State Police employment, directly enter active duty in the U.S. armed forces, including reserve components, and return to employment with the State Police within six months of discharge, or if hospitalized, within six months of discharge from the military facility.

Nonintervening service is active duty service that does not interrupt your State Police service.

### Conditions

- You cannot receive credit for military service if you receive credit for the same service under another retirement system. However, this restriction doesn't apply if you will be eligible to retire from the federal government for service in the reserve component.
- If you are receiving disability benefits from the Veterans Administration and are not eligible to receive a regular age and service retirement benefit now or in the future, you may be eligible to purchase your active duty service. You will need to provide us with a copy of your most recent Retiree Account Statement (RAS). This can be obtained at <https://myPay.dfas.mil>, by phoning **(800) 321-1080**, or by writing to the address below:  
  
Defense Finance and Accounting Service  
U.S. Military Retirement Pay  
P.O. Box 7130  
London, KY 40742-7130
- You cannot receive more than a total of two years of service credit for any combination of VISTA, Peace Corps, intervening or nonintervening military service.

- **Intervening:** If your military leave interrupted your State Police service, you may receive up to two years of service credit at no cost.

You cannot use intervening military credit to satisfy your vesting requirements.

- **Nonintervening:** If your active duty U.S. military service did not interrupt your State Police service, you can purchase up to two years of credit.

Nonintervening military service may be purchased in any fraction of a year increment.

Nonintervening military service cannot be credited until you have 10 years of service with the Michigan State Police, the last five years of service need to be continuous service.

### Cost

There is no cost for most intervening service credit.

If your military service was nonintervening, your cost is 5 percent of your full-time compensation in the year you make the payment, multiplied by the number of years of military credit you purchase.

### Application

Submit a *Military Service Credit Application* to ORS with a copy of your military discharge papers (DD214) showing entry and separation dates.

Even if your continuous total hours on account with your human resource office reflects your military time, you must submit your military discharge papers (DD214) to ORS to ensure your time is counted in your retirement credit.

For copies of your military papers write to: National Personnel Records Center, Military Personnel Records, 9700 Page Blvd., St. Louis, MO 63132-5100. A request form is online at <http://www.archives.gov/st-louis/military-personnel/standard-form-180.html>.

## Maternity/Paternity/Child Rearing

### Eligibility

You may purchase up to two years of service credit if you separated or reduced your hours from State Police employment for the purposes of maternity, paternity, or child rearing.

### Conditions

- You cannot have intervening employment of more than 20 hours per week for each week of service credit that is purchased.
- You may purchase any fraction of a year increment.
- You cannot use the service in your pension calculation until you meet the minimum vesting requirements.

### Cost

Your cost is an actuarial percentage of your highest annual earnings, multiplied by the number of years of maternity/paternity/child rearing credit you purchase. ORS will calculate the cost for you upon request.

### Application

Send a written request to ORS with a copy of your child's birth certificate or final adoption papers.



## **VISTA/Peace Corps**

### **Eligibility**

You may purchase up to two years of service credit for full-time service in the Volunteers in Service to America (VISTA) program or the Peace Corps.

### **Conditions**

- You cannot receive more than a total of two years of service credit for any combination of VISTA, Peace Corps, intervening, or nonintervening military service.
- This service cannot be credited if it is credited under another publicly supported retirement system.
- You cannot use the service in your pension calculation until you meet the minimum vesting requirements.

### **Cost**

Your cost is an actuarial percentage of your highest annual earnings, multiplied by the number of years of VISTA/Peace Corps credit you purchase. ORS will calculate the cost for you upon request.

### **Application**

Send a written request to ORS with documentation from the organization that lists the dates you served.

## **Workers' Compensation**

### **Eligibility**

You can be granted service credit for periods you receive weekly workers' compensation benefits.

### **Conditions**

- Check your annual *Member Statement* to ensure you have been credited for any period you received weekly workers' compensation payments.

### **Cost**

There is no cost for this credit.

### **Application**

If your *Member Statement* does not reflect service credit for time you received weekly workers' compensation payments, write to ORS with documentation of your weekly workers' compensation benefits.

## **How to Purchase Service Credit**

To purchase service credit, start by contacting ORS. If you are purchasing military credit, you can simply fill out a *Military Service Credit Application* with a copy of your military discharge papers (DD214) showing your military entry and separation dates. After receiving your initial request, we will check your eligibility and determine if the credit has no cost or if a purchase is necessary. If the credit has no cost, you will receive a letter stating the service credit type and amount being credited to your account. If you must purchase the service, you will receive a *Member Billing Statement*.



The *Member Billing Statement* outlines the type of service you can purchase, how much, the cost, and the due date. Although it is called a billing statement, you're not obligated to buy the credit, nor are you obligated to purchase by the due date shown. However, if you don't purchase the service credit reflected on your "bill" before the due date, you will have to request another billing statement with updated cost information.

There are two ways to pay for service credit. The first is a direct payment; you send full payment to ORS. The second is a plan-to-plan transfer, or "roll over" of money from another retirement account.

### **Purchasing by direct payment.**

If you wish to make a direct payment for any or all of the service credit reflected on your *Member Billing Statement*, do the following:

- Prepare a check or money order payable to State of Michigan - ORS. Include your name and the last four digits of your social security number on the remittance.
- Send it with a copy of your *Member Billing Statement* to:  
Office of Retirement Services  
Finance Division  
P.O. Box 30673  
Lansing, MI 48909-8173

If you prefer to make your payment in person, please note that we can accept payments only at our main office in Lansing. Our representatives in Detroit cannot accept any payment.

### **Purchasing with a qualified plan-to-plan transfer.**

A *qualified plan-to-plan transfer* is the process of moving money from a qualified (as defined by IRS) pretax investment account/retirement plan to another without incurring taxes or penalties on the money being transferred.



You can “roll over” money you have saved in most pretax retirement accounts and use it to purchase service credit. A qualified plan can be your 401(a), 401(k), 403(b), 457, as well as conduit IRAs (Individual Retirement Accounts). A traditional IRA cannot be used to purchase service credit. Your Deferred Compensation 401(k) and 457 plans administered by CitiStreet are qualified plans.

To purchase service credit by transferring funds from a qualified plan, request or download a *Qualified Plan-to-Plan Transfer Certification* form from ORS.

This form includes detailed instructions on how to initiate a plan-to-plan transfer. Complete and return it to ORS so that we know the dollar amount you intend to transfer to purchase service credit. It is then your responsibility to arrange with your plan administrator to send the payment directly to ORS, following the instructions on the form. If CitiStreet is the plan administrator, all you need to do is send CitiStreet a copy of the transfer certification form along with a copy of your *Member Billing Statement* to initiate the transfer. CitiStreet usually then sends your funds directly to ORS within 2-3 weeks.

Be sure that your plan administrator doesn't send more than the amount shown on your *Member Billing Statement*. If too much money is submitted, the excess funds will be returned to the institution holding the qualified plan, if possible. Otherwise, the excess may be refunded to you, and taxes and penalties may apply.

Allow ample time for your plan administrator to transfer the funds. Some financial institutions take several weeks, or even months. This can result in an additional cost to you if the payment arrives after the due date. It's an even bigger headache if you've got your retirement date set—remember that we cannot accept any payment for service credit after you have terminated state police employment.

When ORS receives your qualified plan-to-plan transfer payment, you'll be issued a receipt and your retirement account will be updated with your service credit purchase.

Plan-to-plan transfers are handled between ORS and the investment institution holding your funds (your plan administrator) acting on your request. Your personnel office should not be involved.

### III. Planning for Retirement

A typical person retiring at age 55 today should plan to live at least 30 more years. To retain the same purchasing power through 30 or more years of retirement, your income in retirement must increase each year to keep pace with inflation and probable higher medical expenses. Odds are, you'll be depending on savings to supplement any gaps. That's why it's important to:

- **Understand your pension plan.** Know when you'll be eligible for your pension, how it will be calculated, and the insurance benefits in retirement.
- **Participate in the Deferred Compensation plan.** The State of Michigan sponsors a Deferred Compensation plan for enlisted officers. You can use payroll deductions to contribute to a 401(k) or 457 plan, or both. The plans are administered by CitiStreet.

In both 401(k) and 457 plans, your contributions are pre-tax contributions. This means that you do not pay taxes on the contributions and earnings until the money is paid out of the plan. In addition, you will be saving on a regular basis directly from your salary to help build a more comfortable retirement. To learn more, contact CitiStreet at **(800) 748-6128** or visit its website at **<http://stateofmi.csplans.com>**.

- **Develop a retirement plan.** Talk to a financial planner or take advantage of CitiStreet's Advisor Service. This online retirement calculator performs income projections, helps you set goals, and tells you how much you should save in order to meet your retirement goals. Or, you can talk to a CitiStreet representative for advice. Start saving early and regularly.
- **Follow your plan.** Review your plan at least once a year to see if you're on target. Review the annual *Member Statement* you'll receive from ORS and update your pension calculation. Add up your retirement savings and deferred compensation funds, and adjust your savings as needed to meet your goals.

### IV. Estimating Your Pension

As a vested member of the State Police Retirement System, you can look forward to a monthly retirement pension benefit for your lifetime. This section explains how to estimate the amount of your pension and when you'll be eligible to retire, as well as information on the Deferred Retirement Option Plan (DROP) if you want to continue working beyond normal retirement.

#### ***Your Final Average Compensation (FAC)***

Your *final average compensation* (FAC) is an important key in your pension calculation. Increasing your FAC will increase your pension amount. The best way to do that, of course, is to accept that pay raise or promotion you deserve. Another is to work overtime, if it's available. Taking your annual leave as a payout, rather than using it before you retire, could also boost your FAC and thereby your pension amount. The most common types of leave payouts that can count in your FAC include up to 240 hours of annual leave paid at retirement, compensatory (comp) time paid at retirement, and longevity earned during the FAC period.



## Compensation included in your FAC.

The following payments are included in the calculation of your FAC.

- Regular salary paid for the last two years of service, including, but not limited too, that salary that is deferred pursuant to a state deferred compensation program.
- Overtime, shift differential, and shift differential overtime paid for the last two years of service.
- Gross pay adjustments paid affecting the last two years of service, including compensatory time and emergency response compensation.
- Up to a maximum of 240 hours of accumulated annual leave, paid at the time of retirement separation excluding part B annual leave hours paid at time of retirement separation.
- Deferred hours under Plan B of the fiscal years ending September 30, 1981, and September 30, 1982, that are paid at the time of retirement separation.
- Longevity pay equal to two full years.
- Bomb squad pay paid for the last two years of service.
- Post 29 freeway premium paid for the last two years of service.
- On-call pay paid for the last two years of service.
- Beginning October 1, 2003, the value of any unpaid furlough hours or the value of any unpaid hours exchanged for part B annual leave hours, calculated at the member's then-current hourly rate or rates of pay, for a period during which a member is participating in the banked leave time program.

## Full Retirement

You qualify for a full retirement at any age with 25 years of service. Your annual retirement benefit multiplies your FAC by 60 percent.

### Pension Formula

$$\text{FAC} \times 60\%$$

### Eligibility

You are eligible to retire at any age when you have attained 25 years of service as an enlisted officer.

### Pension Eligibility

**ANY AGE with 25 YOS**  
Years Of Service

### Calculation

Multiply your FAC by 60 percent to determine your annual pension. Divide this amount by 12 for your monthly pension amount.

Your FAC is your average annual salary of your last two years of service with the State Police. See the beginning of this section to determine what is included in the calculation of your FAC. Earnings used to calculate your FAC are gross earnings, before deferred compensation or other income withholding.

### To apply

Download or request a retirement application packet. Be sure to apply for your benefit at least 30 days, but no more than 90 days, before your retirement effective date. Your retirement effective date is the first day of the month following your last day on payroll. For more details, read Section V—Applying for Your Pension.

## ***Deferred Retirement***

If you leave State Police employment and are vested (you have ten or more years of service) but have not reached the 25 years of service needed for a full retirement, you qualify for a deferred retirement. You can apply for a benefit at age 50.

All deferred pension recipients are eligible for health, dental, and vision benefits. Life insurance is not available to deferred retirees.

In addition, if you die as a deferred member (before age 50) your surviving spouse is eligible for a lifetime survivor benefit. The benefit is payable when you would have reached age 50. No additional benefits are payable to minor children or dependents.

### **Eligibility**

If you leave State Police employment with more than 10 years of service, but less than 25 years of service, and you have left any personal contributions on account, you will qualify for a deferred retirement pension at age 50.

### **Calculation**

Your annual pension benefit for a deferred retirement is computed by multiplying your FAC by 2 percent times your years of credited service.

### **Conditions**

Your pension may only be deferred if your separation from the State Police did not involve a breach of the public trust. Please note that a deferred retirement is not the same as being a Deferred Retirement Option Plan (DROP) participant.

### **To apply**

Download or request a retirement application packet. Be sure to apply for your benefit at least 30 days, but no more than 90 days, before your 50th birthday. Your pension won't be any higher if you wait, and you could even lose money because we can't pay retroactively. For more details, read Section V–*Applying for Your Pension*.

## ***Disability Retirement***

If you become ill or injured while an enlisted State Police member and you can no longer work, your retirement plan provides protection for you and your dependents.

You must be vested, meaning you have ten years of service, for a *nonduty disability* (an illness or injury incurred outside of work). If you have a *duty disability* (an illness or injury incurred while discharging your duties as a State Police member), a benefit could be payable starting the day you successfully complete recruit training regardless of how long you have been employed.

You cannot receive a disability pension if you qualify for a regular retirement, meaning you have 25 years of service or more.

### ***Duty Disability***

You may be eligible for a duty disability pension if you can no longer work due to an illness or injury resulting from your State Police employment.

### **Eligibility**

To qualify for a duty disability, you must meet all of the following criteria:

- You have completed recruit training.
- You do not meet the service requirements for a full retirement.
- A medical review team certifies the disability to the Retirement Board and Director of the State Police.
- The Retirement Board rules the disability is duty related.



### **Disability determination**

To qualify for a duty disability pension, a medical review team must determine that you are totally and permanently unable to perform your duties as a State Police employee.

The medical review team consists of three physicians. One is designated by the Department of Community Health, one by the Department of Management and Budget, and one by you.

### **Calculation**

If you are approved for a duty disability pension, the pension amount is 60 percent of your FAC. Your FAC is calculated using the last two years of service immediately preceding the date your disability occurred.

Your annual duty disability pension, in combination with workers' compensation, cannot exceed the average annual salary of your last two years of service with the State Police.

### **Medical reexaminations**

You may be required to have a medical examination periodically. If the medical examination determines that you are no longer disabled, the Director of the Department of State Police may return you to active duty. If you fail to return to employment following the order, you will forfeit all rights to a retirement benefit unless you are otherwise eligible to retire.

### **To apply**

Fill out a *Disability Retirement Application* available from your human resource office or ORS.



### **Nonduty Disability**

You may be eligible for a nonduty disability pension if you can no longer work due to an illness or injury incurred outside of your State Police employment.

### **Eligibility**

To qualify for a nonduty disability, you must meet all of the following criteria:

- You are vested in the retirement system, meaning you have ten years of service credit.
- You do not meet the service requirements for a full retirement.
- A medical review team certifies the disability to the Retirement Board and Director of the State Police.

### **Disability determination**

To qualify for a nonduty disability pension, a medical review team must determine that you are totally and permanently unable to perform your duties as a State Police employee.

The medical review team consists of three physicians. One is designated by the Department of Community Health, one by the Department of Management and Budget, and one by you.

### **Calculation**

If you are approved for a nonduty disability pension, the pension amount is 2.4 percent of your FAC multiplied by your years of service credit (up to 25 years).

### **Medical reexaminations**

If you are approved for a nonduty disability pension, you may be required to have a medical examination periodically. If the medical examination determines that you are no longer disabled, the Director of the Department of State Police may return you to active duty. If you fail to return to employment following the order, you will forfeit all rights to a retirement benefit unless you are otherwise eligible to retire.



### To apply

Fill out a *Disability Retirement Application* form that is available from your human resource office or ORS.

## Preretirement Survivor Pension

Your retirement plan provides protection for your dependents if you are killed while you are an enlisted State Police member.

Your family members may qualify to receive a *duty survivor* benefit if you are killed as a result of discharging your State Police duties. If you are an active member with ten or more years of service, and are killed while off duty, your family may be eligible to receive a *nonduty survivor* pension.

### Duty Preretirement Survivor Pension

Your family may be eligible for a duty survivor pension if you are killed while discharging your duty, or die from injuries or an illness resulting from your occupation with the Michigan State Police.

### Eligible recipients

- If you are married with children under the age of 18, your spouse will receive the full survivor benefit for his or her lifetime. In addition, your children under the age of 18 will receive \$100 per month.
- If you are married with no children, your spouse receives the full survivor benefit for his or her lifetime.
- If you do not have a surviving spouse, or your surviving spouse dies, your children under the age of 18 will receive the full survivor benefit divided equally between them. The survivor benefit will stop on their 18th birthday and be divided equally between any other children under the age of 18. This recalculation continues until the youngest child has reached 18.



- If you have no spouse and no children under age 18, a full survivor benefit can be payable to your mother or father, or both, if they were dependent on you for support. The survivor benefit stops when the dependency stops.
- If a parent is not dependent on you for support when you die, any siblings under the age of 18 will receive \$100 per month.
- If you have no dependents, your estate will receive any personal contributions plus interest you may have on account, or \$1,500, whichever is greater.

### Calculation

The amount of the survivor benefit is 60 percent of your FAC. In addition to the survivor benefit, the retirement board pays up to \$1,500 for funeral expenses.

### Conditions

The survivor benefit, in addition to any workers' compensation, cannot exceed your two-year average annual salary immediately before your death.

### To apply

Your survivor should contact ORS as soon as possible in the case of your death. We will review your file and determine what benefits are payable, if any, and to whom.

If a benefit is payable, the appropriate person(s) will be notified and mailed the proper forms to complete. Eligibility for a survivor benefit starts the first day of the month following your death.

### *Nonduty Preretirement Survivor Pension*

Your spouse or children may receive a nonduty survivor pension if you are an active member or deferred member with ten or more years of service credit and die before you are eligible to receive a full pension.

#### **Eligible recipients**

- If you are married, your surviving spouse will receive full nonduty survivor benefits until his or her death.
- If you do not have a surviving spouse, or your surviving spouse dies, your children under the age of 18 will receive the full survivor benefit divided equally between them. The survivor benefit will stop on their 18th birthday and be divided equally between any other children under the age of 18. This recalculation continues until the youngest child has reached 18.
- If you have no dependents, your estate will receive any personal contributions plus interest you may have on account.

#### **Calculation**

A nonduty survivor benefit is 2.4 percent of your FAC multiplied by the number of years of service credit you have accumulated.

#### **Conditions**

Your surviving spouse or dependent children cannot receive a nonduty survivor benefit if any other benefits are paid under Public Act 182 of 1986.

#### **To apply**

Your survivor should contact ORS as soon as possible in the case of your death. We will review your file and determine what benefits are payable, if any, and to whom.

If a benefit is payable, the appropriate person(s) will be notified and mailed the proper forms to complete. Eligibility for a survivor benefit starts the first day of the month following your death.

### **Survivor Pension**

If you die as a retiree, your pension plan provides coverage for your surviving spouse and/or eligible children under the age of 18.

#### **Eligible recipients**

- Your surviving spouse.
- If you do not have a surviving spouse, or your surviving spouse dies, your eligible children under the age of 18 will receive the full survivor benefit divided equally between them. The survivor benefit will stop on their 18th birthday and be divided equally between any other children under the age of 18. This recalculation continues until the youngest has reached 18.

#### **Calculation**

Your surviving spouse and/or minor children will receive the same pension and insurance coverage you were receiving.

#### **Conditions**

You had to be receiving a disability pension or a full retirement pension based on 25 years or more of service for your surviving spouse and/or minor children to be eligible for coverage.

**Note:** If you are a deferred member and die before age 50, your spouse may be eligible for your pension; see *Deferred Retirement*.

#### **To apply**

If you are a surviving spouse or a dependent child of a deceased retiree, contact ORS as soon after the retiree's death as possible. You will also need to mail ORS the deceased's social security number and death certificate.



## Deferred Retirement Option Plan (DROP)

The state of Michigan created a Deferred Retirement Option Plan (DROP) that provides state troopers an opportunity to continue working beyond their normal retirement date.

The DROP is a supplemental benefit program available to State Police Retirement System members who are eligible to retire, but agree to defer their retirement and continue working and receiving active employee wages.

Members who enroll in the DROP choose the length of time they wish to extend their employment and defer their pension



benefits, up to a maximum of six years. ORS calculates a DROP amount based on the member's pension value and credits this amount each month during the DROP period to an interest-bearing account in the member's name.

When the member terminates employment, the DROP participation period ends and normal monthly pension payments begin. At this point, the accumulated DROP funds become available to the former DROP participant.

If you would like more information about the DROP program, download the *DROP - Deferred Retirement Option Plan for State Police* brochure from the ORS website, or contact your human resource department or ORS for a copy.

## V. Applying for Your Pension

When you are ready to retire, contact ORS for a retirement packet, or download the packet from our Forms & Publications section on the website. You need to submit your completed retirement application forms at least 30 days, but no more than 90 days, before your retirement effective date. Your retirement effective date is the first day of the month following your last day on payroll.

### What You Will Need

The retirement application packet includes forms and information regarding insurance, taxes, and electronic funds transfer so you can have your check automatically deposited into your bank account.

Be sure to fill out the forms in the retirement packet completely and accurately. If you submit incomplete or unsigned forms, your pension may be delayed.

In addition to the forms in the retirement packet, you will need to provide the following:

- **Proof of dependent's insurance eligibility.** If you enroll dependents under your insurance plan, you must provide proof of age. We'll also need your tax returns to prove your child age 19 or older is dependent on you, as well as school records that show the child meets the school's attendance standards. If you are enrolling a child for whom you are legal guardian, you must provide legal guardianship papers. If your dependent is a disabled child age 19 or older, proof of dependency must be submitted along with a letter from the attending physician stating the child is disabled and incapable of self-sustaining employment.
- **HMO application.** The packet includes an enrollment form for the State Health Plan PPO, but if you are enrolling in one of the HMOs you will need to contact the HMO for an enrollment form. (Submit the enrollment form with your retirement application. ORS will arrange for premium deductions from your pension and then forward the information to the HMO.)

## ***What to Expect After You Apply***

Here is what happens from the time you send ORS your retirement application to when you begin receiving regular monthly pension payments. Remember, these dates are approximate and represent the minimum time required to complete each process.

### **Application review.**

When we receive your application package, we review it to make sure all required forms and documentation have been included. If anything is missing or incomplete, all materials will be returned to you. Be sure to include proofs of eligibility for any insurance dependents as explained earlier in this section.

### **Acknowledgement and preliminary estimate.**

About 10-14 days after we have received all completed application materials, we'll send you an *acknowledgment letter*. This notice summarizes your retirement effective date, insurance choices, and tax exemptions requested. It will also give you a preliminary pension estimate. The estimate will not include your final salary or any recently purchased service credit.

### **Final salary confirmation.**

After your termination date, we will verify your last day worked and your final salary. Your payroll record does not reflect this information until you have terminated employment and received your final paycheck. This step ensures all your wages have been reported along with any final payouts.

### **Award letter.**

Once you have terminated employment and all required paperwork is in, we will verify your pension eligibility and put you on the retirement payroll. You'll get an *award letter* that tells you how much your pension payment is and when you can expect it. This letter details how your pension was calculated as well as any deductions (insurance premiums, taxes) reflected in the payment amount. Along with your award letter, you'll receive information about payment schedules, taxes, and so forth, as well as a guide to your reporting responsibilities. Keep the information in a safe place so you have an easy-to-find record of your pension benefits.

### **First pension check.**

Your first pension payment should arrive one to three months after you've terminated your employment and received your last paycheck, provided you meet all eligibility requirements and all required retirement forms are on file with ORS. If your first check is delayed while we gather final salary information, you will be paid retroactive to your retirement effective date.

### **Your benefit statements.**

If you use electronic funds transfer (EFT) for your payments, you will be mailed a statement six times a year in January, March, May, August, October, and December. Mailed pension checks are accompanied by a description of the pay amount and deductions.

Each year, ORS will send you a federal form 1099R. This pension income statement reports the payments made to you during the previous year and any taxes withheld. You will need it when you file your income tax return.

### **Postretirement increases.**

As a State Police retiree, you will receive a fixed 2 percent annual increase, not to exceed \$500, beginning with the second October after your retirement effective date. For example, if you retire on December 1, 2006, your first increase will be October 2008; if your annual increase is \$480, you will get \$40 more per month.

The 2 percent increase does not compound, but it does accumulate. In the second full year after retirement, your initial pension increases by 2 percent of your initial pension, not to exceed \$500. Following the example above, you would get an additional \$40 per month in the second full year, and each year thereafter.

### **Your insurance enrollments.**

We will forward your insurance enrollment information to your health, dental, and vision carriers. You should receive insurance identification cards and material a few weeks after your pension begins. If you require health services before your cards arrive, save your itemized receipts for submission afterwards. Or, if necessary, have the provider verify your coverage with ORS.



### **Your deferred compensation.**

CitiStreet will send you information about payout options from your deferred compensation account(s). If you don't receive it, contact CitiStreet at **(800) 748-6128** or **<http://stateofmi.csplans.com>** to request its *Guide to Termination and Retirement Distributions*.

Once you're retired, there is no active link between your state human resource data and CitiStreet. From retirement on, you must notify ORS about changes in your address, tax preferences, and other events that affect your pension and insurance, and also contact CitiStreet to report those changes that affect your deferred compensation plans.

### **If you disagree with the decision.**



If you disagree with a determination made by ORS concerning your retirement benefits, you may request a review by writing to ORS, stating the basis for your disagreement and providing all

information which you believe supports your position. Your request will be thoroughly reviewed and you will be notified in writing of the outcome.

### **Overpayments must be recovered.**

The retirement law requires ORS to correct any payment errors. As a result, any person who receives a benefit payment in error will be required to repay the benefit.

## **VI. Continuing Your Insurance Benefits**

When you retire, you're eligible to continue in the state-sponsored group health, dental, and vision insurances. Your state-sponsored life insurance will continue as well, but at a reduced face value.

If you leave under a deferred retirement, you can enroll in the health, dental, and vision group insurances when you begin receiving your pension at age 50, but you won't be eligible for life insurance.

### **Health, Dental, Vision Insurance**

The Employee Benefits Division of Michigan's Department of Civil Service negotiates the carriers, coverage, and rates for retirees just as it does for enlisted officers. In addition to the State Health Plan PPO administered by Blue Cross Blue Shield of Michigan, some HMOs also offer coverage for retirees. Because these things change fairly frequently, the best way to find out which providers participate, compare coverage, and check premium rates is by going to the Employee Benefits section of the Civil Service website at **[www.michigan.gov/mdcs](http://www.michigan.gov/mdcs)**.

The state-sponsored health, dental, and vision plans are essentially the same for active members and retirees. That is, services that are covered while you are active will, for the most part, continue to be covered in retirement.

### **No break in your coverage.**

Your insurance protection as a retiree begins on your retirement effective date. Since your coverage as an enlisted officer continues through the end of the month in which you terminate employment, there should be no break in coverage as you go from active to retired status. However, if you file your application after the month in which you terminate employment, or if you waive coverage when you're first eligible, there could be a 6-month delay in your coverage. (See Enrolling or changing your enrollment after retirement, below.)

**Insurance premiums.**

The state pays most of your premiums for health, dental, and vision insurances; your portion is deducted from your pension checks.

You will be notified in advance of any rate changes, which typically occur in October. Premium rates for each carrier are published on the Department of Civil Service—Employee Benefits Division website at [www.michigan.gov/mdcs](http://www.michigan.gov/mdcs).

**How Medicare affects your coverage.**

If you or any of your covered dependents become eligible for Medicare, you must enroll in both Part A and Part B. If that happens before the age of 65, send ORS a copy of the Medicare card. (Medicare begins at age 65; after 24 months of social security disability eligibility; or in cases of end-stage renal disease.)

Your plan health coverage automatically becomes a supplement to Medicare and will no longer pay any expenses normally paid by Medicare. If you don't enroll in Medicare Part B, you will be personally responsible for any medical expenses that would be covered by Medicare. Your retirement system health plan will continue to pay for any of the plan's covered benefits that are not covered by Medicare.

When your Medicare coverage begins, you will likely see a decrease in the amount of your health insurance premiums.

Medicare D is a prescription drug program introduced by the federal government in 2006. For most State Health Plan PPO enrollees, the drug coverage provided is a better value than the Medicare drug plans being offered. Therefore, you should not enroll in a Medicare drug plan.

**Note:** In 1986, federal law required mandatory Medicare coverage for state and local government employees even if they do not pay social security taxes. If you were hired (or rehired) after March 31, 1986, you may have mandatory Medicare coverage. However, the Social Security Administration is the final authority for determining your Medicare eligibility.

**Effects of other group insurance.**

The state's health, dental, and vision insurance plans contain a coordination of benefits (COB) provision, which says you can't be reimbursed for more than the allowed cost of your care or service. If you or your dependents are covered under another group plan, the plans coordinate their reimbursement so that their combined payments don't exceed the allowed expenses for your care or service. Be sure to keep ORS informed if anyone on your insurance is covered under another insurance.

In addition, you cannot enroll your spouse as an insurance dependent if he or she is separately enrolled in any state health plan.

**Enrolling or changing your enrollment after retirement.**

As an enlisted officer, you could only change your insurance enrollments during the annual open enrollment period. As a retiree, you can do this at any time during the year. However, your request won't take effect until the first day of the sixth month after ORS receives all required forms and proofs. For example, if we receive your *Group Insurance Application* and/or HMO Enrollment form with the necessary proofs of eligibility on February 10, your coverage would begin August 1.

We can waive the waiting period if there has been an involuntary loss of other group coverage or a change in your family status, provided you enroll and furnish proofs within 30 days of the event.

If you decide not to enroll in the health, dental, or vision insurances within 30 days of your retirement effective date but then want to enroll later, or if you want to change your enrollment, use the *Group Insurance Application* form. To enroll in an HMO, request the enrollment form directly from the HMO. Send your completed form to ORS.

After making sure your enrollment application is complete we will take action to adjust your premiums if necessary, and then we will enroll you with the insurance carrier you have selected. If you do not receive your insurance card(s) by your insurance effective date, please contact the insurance carrier directly.



### **If you've had an involuntary loss of other group coverage.**

ORS can waive the 6-month waiting period if eligibility for coverage in another group plan is cancelled for you or your dependent. Within 30 days of that loss, submit your *Group Insurance Application* or HMO enrollment form along with a letter from the other group plan explaining why



eligibility is ending, who was covered, and the date coverage ends. Coverage can begin the first of the month following the month in which we receive your completed application and required proofs.

### **Have a question about insurance?**

For questions about a pending insurance claim or to find out if a particular service is covered, your best bet is to contact the carrier directly. The Employee Benefits Division can also help with claims or coverage problems; phone (800) 505-5011, or 373-7977 if you're calling from the Lansing area.

If you have questions or a problem with insurance enrollment, contact ORS.

### **Your medical records are private.**

The Health Insurance Portability and Accountability Act (HIPAA) and related rules require group health plans to protect the privacy of its members' health information. If you have state-sponsored health insurance, the Michigan Department of Civil Service website explains how your medical information may be disclosed and how you can get access to this information.

## ***Dependent Health Insurance***

Eligible dependents for health, dental, and vision insurance plans include:

- Your spouse, as long as he or she is not also separately enrolled as an eligible state employee or retiree.
- Your unmarried children by birth, legal adoption, or legal guardianship who are in your custody and dependent on you for support.

Coverage for your eligible dependents is the same as yours. You may be asked to provide tax returns as proof of dependency and school records as proof of school attendance.

In the case of legal adoption, a child is eligible for coverage as of the date of placement. Placement occurs when you become legally obligated for the total or partial support of the child in anticipation of adoption. A sworn statement with the date of placement or a court order verifying placement is required.

### **Continuing coverage after age 19.**

Coverage for your eligible children ceases the end of the month in which they turn 19. However, if your coverage is still active, your dependent child can remain eligible through the month in which the child turns 25 if he or she is:

- Unmarried and between age 19 and 25.
- Dependent on you for financial support.
- A student who regularly attends school.

You may be asked to provide tax returns as proof of dependency and school records as proof of school attendance.

If your enrolled dependent is an incapacitated child, coverage will continue as long as he or she became incapacitated before age 19, continues to be incapacitated, and your coverage does not terminate for any other reason. Incapacitated children are those who are unable to earn a living because of a mental or physical impairment and must depend on their parents for support and maintenance. To ensure uninterrupted coverage for your incapacitated child, you must furnish proof of incapacitation and dependency before the end of the month in which the child turns 19.

For more information on dependent coverage, check the Department of Civil Service—Employee Benefits Division website at [www.michigan.gov/mdcs](http://www.michigan.gov/mdcs).

### **Reporting changes for your dependents.**

It is your responsibility to notify ORS in writing of any change in your status or that of your family that would result in ineligibility, or of coverage under any other group insurance including Medicare. We will adjust your premium deductions if necessary, but we cannot refund premiums that were withheld before the month in which you report the change.

To report such changes, use the ORS *Insurance Change Request* form, available from ORS and on the website.

The same form is used to add or change the name of someone on your health, dental, or vision insurance contract. If you're adding a spouse or dependent due to marriage, birth, or adoption, be sure to submit the form within 30 days of the event so that the 6-month waiting period can be waived. Please include a copy of the marriage, birth, or adoption certificate.



### **COBRA protects your dependents after eligibility stops.**

If one of your dependents loses insurance eligibility, he or she may be able to pay for continued coverage for a limited time. A federal law known as the Consolidated Omnibus Budget Reconciliation Act, or COBRA, allows your dependent spouse or child the option of paying for continued health insurance coverage for up to 36 months after a qualifying event.

The insurance carrier may also offer a conversion policy. Your dependents will be notified of these options.

### ***Your Life Insurance Protection***

As a retiree, your state-sponsored life insurance continues for you and your dependents at no charge to you. Your coverage is 25 percent of the coverage you carried when you left work; your dependents' policies are capped at \$1,000 each. (If you left as a deferred member you do not qualify for the state-sponsored life insurance.)

### **Life insurance for your dependents.**

Your qualified dependents for life insurance coverage include the following:

- Your spouse.
- Your unmarried dependent children under age 23.
- Any other unmarried child who lives with you and depends on you for support as defined by IRS regulations.

If you established dependent coverage as of the date you retired and you subsequently acquire a new dependent by birth, adoption, or marriage, you can add the new dependent to your life insurance. You must do so within 31 days of the event.

You can change your life insurance beneficiary at any time. Any person(s) can be named as beneficiary(ies) for your life insurance.

### **Conversion coverage is available.**

Within 30 days of retirement, you may convert the remaining 75 percent of your active life insurance to a private direct pay policy. You may also convert the amount by which the dependent policy was reduced. Contact your human resource office for rates and the conversion application.

### **Keep your award letter.**

The award letter you receive when your retirement application is processed serves as your only proof of your life insurance coverage, so be sure to keep it with your important papers. The certificate of insurance with coverage provisions can be viewed online by following the Employee Benefits links at the Michigan Department of Civil Service website: **[www.michigan.gov/mdcs](http://www.michigan.gov/mdcs)**.

### **ReliaStar.**

If you purchased supplemental life insurance from ReliaStar as an active member, you may choose to continue your coverage in retirement. For more information, contact your State Police human resource office.

### **About Long-Term Care Insurance**

Long-term care insurance helps offset the cost of custodial (not medical) care provided in a nursing facility or in the home. The state established a group plan with MetLife for long-term care insurance for active (working) employees and retirees, as well as their parents, parents-in-law, grandparents, and grandparents-in-law.

The state negotiated this offer for employees and retirees, but it neither encourages nor discourages you to enroll. Eligibility, enrollment, coverage, and cost questions about the long-term care insurance should be directed to MetLife at **<http://stateofmichigan.metlife.com>** or **(800) GET-MET8**.

## **VII. Life Events in Retirement**

In this section we list the most common situations that would require a contact with ORS after you retire. Please use it as a general guide only. Because we can't list every possible event that should be reported, it's best to call us if you're not sure.

### *Address Change*

Be sure that ORS knows your current mailing address (even if you use EFT for your pension payments) so that you receive your statements and other important notices.

If you use EFT, you can change your address by emailing, writing, visiting, or phoning ORS. We'll need your social security number (and the retiree's number if you are receiving a survivor benefit) and both your old and new address.

If your checks are mailed to you, we must have a written request to change your address. Send us a signed letter or use the Name and Address Change form. In most cases, if we receive your request by the first day of the month, your next check will be redirected.

We will notify your insurance carriers of your address change; however, it may take up to 30 days before the insurance carrier can take action. If you're insured by an HMO, ask to speak with an ORS insurance representative because an address change could affect your coverage.

### *Birth*

Ordinarily, the birth or adoption of a child after you retire will not affect your pension. However, if you wish to enroll your child in your insurance plans, you should complete an *Insurance Change Request* form.

A birth or adoption could mean that you need to change your life insurance beneficiary using the *Life Insurance Beneficiary Designation* form. And don't forget your deferred compensation account with CitiStreet.



## Death

**Death of the retiree.** Upon your death, your personal representative (family member, executor) should contact ORS as quickly as possible. We will need your social security number and a certified death certificate.



If you were receiving a disability pension or a regular retirement pension based on 25 years or more of service, your surviving spouse will receive the same pension and insurance benefits you were receiving.

If you do not have a surviving spouse, or your surviving spouse dies, your children under the age of 18 will receive the full survivor benefit divided equally between them. The survivor benefit will stop on their 18th birthday and be divided equally between any other children under the age of 18. This recalculation continues until the youngest has reached 18.

**Death of survivor pension beneficiary.** If any person receiving a survivor pension dies, ORS should be contacted immediately. We will need the social security number of the retiree as well as that of the beneficiary who was receiving benefits, along with a photocopy of the death certificate.

**Death of insurance dependent.** If anyone enrolled as a dependent in your health, dental, or vision insurance plan dies, report the death immediately using an *Insurance Change Request* form. Send a photocopy of the death certificate with the completed form.

## Divorce

If your former spouse is a dependent in your health, dental, vision, or life insurance plan, his or her eligibility will cease. Report the divorce immediately using an *Insurance Change Request* form.

Because we cannot adjust your insurance premiums until we receive your *Insurance Change Request* and because we cannot refund excess insurance premiums, be sure to send this form in as soon as possible.

A divorce could mean you need to change your address or name using the *Name and Address Change* form, or change your life insurance beneficiary using the *Life Insurance Beneficiary Designation* form. Don't overlook your deferred compensation beneficiary with CitiStreet.

## EFT Change

If you want to sign up for EFT or change your EFT bank account, complete an *Electronic Funds Transfer (Direct Deposit) Application* and send it to ORS. Ordinarily, if we receive your request by the first day of the month, your next payment should be deposited to your new account. However, don't close your old account until your pension check has been successfully deposited in your new account.

If you want to cancel your EFT authorization, submit a written request to ORS. Include your name, mailing address, social security number, and signature. Do not close your account until you receive your pension payment at your mailing address.

## Employment

If you go to work after you retire, your earnings usually won't affect your pension unless you are receiving a disability pension and are required to return to work because you were found to no longer be disabled. If you fail to return to employment following the order, you will forfeit all rights to a retirement benefit unless you are otherwise eligible to retire.



## Marriage

**Marriage of retiree.** If you marry after your retirement pension begins, there is no need to report the marriage because your payments will not be affected.

However, if you wish to enroll your new spouse in your insurances, complete an *Insurance Change Request* form. If you submit the form and a copy of your marriage certificate to ORS within 30 days, coverage can begin as of the marriage date (the ordinary 6-month waiting period is waived).

A marriage could mean that you need to change your address or name using the *Name and Address Change* form, or change your life insurance beneficiary using the *Life Insurance Beneficiary Designation* form. And don't overlook your deferred compensation beneficiary with CitiStreet.

**Marriage of survivor pension beneficiary.** If you are receiving a survivor pension on the account of a deceased state employee, you don't need to report your marriage because your pension will continue as usual, and insurance benefits are not available to your new spouse.

**Marriage of insurance dependent.** Married children are not eligible for insurance coverage. If anyone enrolled on your contract as an insurance dependent marries, you must notify ORS immediately. Use the *Insurance Change Request* form.

## Medicare

If you, your spouse, or anyone covered by your insurance are offered Medicare you must enroll in Parts A and B, and you must provide a copy of the Medicare card and a copy of your health insurance card to ORS.

Once Medicare begins you should see a significant decrease in the amount of your health plan premiums. Because you cannot be reimbursed retroactively for any premiums deducted, be sure to notify ORS as soon as you or any dependent on your health insurance plan becomes eligible for Medicare.

## Missing Payment

Notify ORS after three days if your regular EFT payment has not been deposited to your account. If your pension check is sent by mail and doesn't arrive by the 7th day of the month after its due date (ordinarily the 25th of each month), contact ORS.

If you receive your check and then it is lost, stolen, or destroyed, contact ORS immediately. We will issue a stop payment on the check and send you an affidavit for your signature. When you return the affidavit, the Department of Treasury will cancel the original check and issue a replacement.

## Taxes

You can change your federal tax withholding rate at any time by sending ORS an updated *Pension Recipient's Federal Income Tax Withholding Authorization*.

Your pension is exempt from Michigan and local income taxes. If you live outside of Michigan, check the state and local tax regulations in your area.

Each January, ORS will send you a federal form 1099R so you can file your income tax returns. This statement shows how much was paid to you during the year in pension benefits, as well as how much was withheld in taxes. If you don't receive yours by February 10, contact ORS so we can mail a duplicate statement.

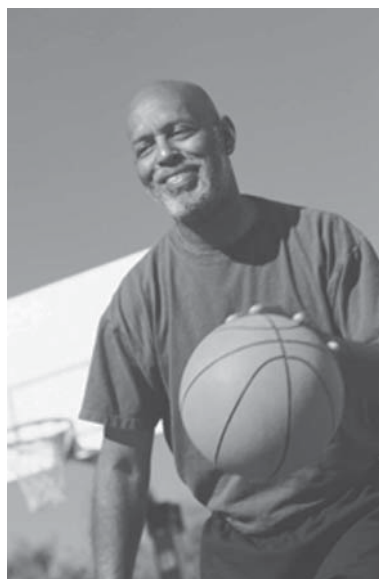


## VIII. We're Here to Help

We hope that after reading this booklet you have a better understanding of how your retirement plan, pension calculation, and insurance benefits are handled.

Please don't hesitate to contact us if you have questions. The ORS vision—to provide fast, easy access to complete and accurate information and exceptional service—is one we take very seriously.

Complete contact information can be found inside the back cover of this booklet.



## Retirement At A Glance

RETIREMENT TYPE	AGE & SERVICE REQUIREMENTS	PENSION FORMULA
Full Retirement	Any age with 25 years of service.	FAC x 60%
Deferred Retirement	Age 50 with 10 or more years of service.	FAC x 2% x Years of Service
Duty Disability	No age or service requirements; you must have graduated from the academy.	FAC x 60%
Nonduty Disability	No age requirement; 10 years of service.	FAC x 2.4% x Years of Service
Duty Survivor	No age or service requirements; you must have graduated from the academy.	FAC x 60%
Nonduty Preretirement Survivor	No age or service requirements; you must be an active member who has graduated from the academy, or a deferred member.	FAC x 2.4% x Years of Service
Survivor Pension	Your spouse or eligible dependents may receive your pension if you die as a retiree.	Same benefit as deceased retiree



## Are You Ready to Retire?

Answering these questions may provide some insight into how well prepared you are to retire.

- Do you own your home free and clear? If not, will you have enough income to pay for it?
- Have you planned for the future of children or others financially dependent on you?
- Have you estimated how much retirement income you will receive from all sources? Is your estimate between 60-80 percent of your preretirement income?
- Have you included a realistic inflation factor in estimating the income you will need throughout retirement?
- Have you considered your future health care costs when projecting your income needs in retirement?
- Have you saved for or planned for major expenses such as home repairs or an automobile purchase you expect to make during retirement?
- Do you plan to maintain cash in reserve for a family emergency?
- Have you considered that at a time of increasing life expectancies, greater demand is placed on your personal savings and investments since they must last for a longer period of time?
- Do you already have a fulfilling leisure time activity or hobby you plan to devote more time to in retirement?
- The more “yes” answers you have, the more adequate your retirement preparation and the more likely you’ll be able to preserve your standard of living.

## Countdown to Retirement

We hope that you find preparing for your retirement an exciting and gratifying experience. You may want to refer to this list every few months to ensure you are on track for meeting your retirement goals.

### *24 months to retirement*

- Review your service credit totals on your most recent *Member Statement* for accuracy. Consider whether any credit for military or other service is available.
- Review your current living expenses and project what these will be at retirement. Will your income from all sources cover your projected expenses?
- Anticipate new or recurring expenses (car, medical, home repairs) and perhaps take care of some of these before you retire.
- Evaluate your other investments. When will these funds be available? What are the withdrawal options: lump sum or recurring payments? CitiStreet can provide you with payout options and potential tax ramifications if you have state of Michigan 401k and/or 457 account(s).
- Will you be eligible to receive Social Security benefits from a spouse, or previous employment? If so, request an estimate from the Social Security Administration (SSA). Consider your tax situation. How much will you be required to pay in income taxes? Are there any special tax breaks on retirement income where you live?

### *18 months to retirement*

- Research medical insurance for your family and investigate the following:
  - ✓ Your state-sponsored plan.
  - ✓ Medicare eligibility.
  - ✓ Your spouse’s employment. Will you be able to continue coverage in the event of your spouse’s retirement or death?

## Countdown continued

Will you still need individual disability coverage? Ask your insurance provider if there is an offset provision for other income received.

- Consider long-term care insurance that may help you and your family with costs of prolonged nursing home stays, extended home care services, and other forms of daily care.
- Evaluate your life insurance needs in comparison to your coverage and consider any conversion rights. In retirement, your state-sponsored life insurance continues at no charge to you. Your coverage level is 25 percent of the coverage you had as an active member. You may also choose to continue your ReliaStar coverage at your cost.
- Review your estate plan and make sure your will, trust, and powers of attorney are up to date. Understand how your assets pass to others under Michigan law.
- If you are buying service credit using a plan-to-plan transfer (rollover), be sure you're on target with your rollover institution to fully complete the payment before you terminate employment.

### 12 months to retirement

- Put the finishing touches on your financial plans.
- If you are eligible, request an updated estimate from the Social Security Administration.

### 6 months to retirement

- Download or request a retirement application packet from ORS at [www.michigan.gov/orsmsp](http://www.michigan.gov/orsmsp).
- Read through the medical, dental, and vision plan information to learn what benefits are available to you and your dependents in retirement.
- Make a list of any questions you'd like answered by an ORS representative.

## Countdown continued

- If you divorce while an active or deferred member and the court ordered a portion of your pension be paid to an alternate payee, such as your former spouse or dependent child, you must have an eligible domestic relations order (EDRO) on file with ORS before your retirement effective date. Details and sample language can be found in the ORS publication *Eligible Domestic Relations Orders*. The EDRO Act doesn't apply to a divorce after retirement. *Note: A former spouse is not eligible for insurance benefits.*
- Gather any proofs and supporting documents needed to apply as described in the *How to Apply* section.

### 3 months to retirement

- Review the health insurance plans offered and decide on a plan.
- Notify your human resource office of your intention to retire.
- Review the *DROP - Deferred Retirement Option Plan for State Police* brochure to determine if you wish to pursue that program.
- File your application and any other forms included in your retirement packet with ORS.

### Retired at last!

- ORS will send you an award letter. It explains what happens next and things that you should report.
- Watch for your pension payments on the 25th of each month.
- Enjoy reading *Connections*, a semiannual newsletter we send to our retirees so that we stay connected.
- Relax and enjoy your retirement!

## AT YOUR SERVICE



ORSCustomerService@michigan.gov



[www.michigan.gov/ormsmp](http://www.michigan.gov/ormsmp)



P.O. Box 30171  
Lansing, MI 48909-7671



(800) 381-5111  
Within Lansing  
(517) 322-5103



Main Office - Lansing  
Walk-ins welcome  
8:30 - 5:00

*Directions: From I-96, take Exit 98A-South Lansing Road. Turn north on Canal Road. ORS is in the 3-story brick building bordered by Canal Road, Ricks Road, Harris Drive, and Billwood Highway.*



Outreach Office - Detroit  
By appointment only  
(313) 456-4010

*Directions: From I-75, take Exit 54-Clay Ave/E Grand Blvd. Head west on East Grand Boulevard for about ¾ mile to Cadillac Place. From I-94, take northbound US-10 (Lodge Freeway) to W Grand Blvd exit. Proceed east 3 blocks on West Grand Boulevard to Cadillac Place.*

